



Department of State

³
TELEGRAM

~~SECRET~~ 576

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42
ACTION SS 30

INFO SSO 00, NSCE 00, CCO 00, /030 W

O R 311723Z MAR 68
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC IMMEDIATE 3729
INFO GOVPANCANAL
USCINCSO

~~SECRET~~ SECTION 1 OF 2 PANAMA 2867

EXDIS

REF: STATE 189482

PRC CAREFULLY CONSIDERED REFTEL THIS MORNING AND CONCURS IN FOLLOWING MESSAGE:

1. WE FULLY SHARE DEPT'S CONCERN OVER POTENTIAL FOR US INVOLVEMENT IF WE SUPPLY TEAR GAS TO GN. WE FEAR, HOWEVER, THAT THE ISSUES ARE CONSEQUENTLY THE CHOICES ARE NOT AS CLEAR CUT AS OUTLINED IN REFTEL. WHETHER WE LIKE IT OR NOT US IS ALREADY INVOLVED TO A DEGREE AND WILL CONTINUE TO BE REGARDLESS OF WHAT WE DO IN THE PRESENT CIRCUMSTANCES. WE WOULD BE MORE INCLINED TO AGREE WITH ARGUMENTATION REFTEL IF WE WERE DEALING WITH ANOTHER SMALL LATIN AMERICAN COUNTRY WHICH HAD LESS SIGNIFICANCE FOR THE US THAN PANAMA AND THE CANAL. WHILE WE ADHERE STRICTLY TO POSITION NEUTRALITY, AN EQUALLY IMPORTANT OBJECTIVE MUST BE TO MINIMIZE

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ATTACKS UPON CANAL ZONE. WE DO NOT AGREE THAT ISSUE IS SIMPLY WHETHER OR NOT TO SUPPLY TEAR GAS BUT RATHER WHEN AND UNDER WHAT CONDITIONS.

2. WE ARE NOT COMPETENT TO JUDGE THE CONSTITUTIONALITY OF WHAT HAS TRANSPIRED IN THE POWER STRUGGLE THUS FAR. THERE ARE CONVINCING ARGUMENTS BEING MADE BY BOTH SIDES. VALLARINO AGAINST

DECLASSIFIED

Authority E.O. 11652 SEC. 5(A) and (D)

By MJE, NARS, Date 12/12/79

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HIS OWN STRONG WISHES HAS BEEN FORCED INTO POSITION OF ARBITER AND, DESPITE STRONG PRESSURE FROM BOTH SIDES AND FROM WITHIN THE GN ITSELF, IS, IN COUNSEL WITH SOME OF PANAMA'S MOST RESPECTED LAWYERS, ATTEMPTING TO STEER A REASONABLY NEUTRAL COURSE IN WHAT IS CERTAINLY A MOST DIFFICULT, COMPLEX AND CONFUSING SITUATION. HE HAS SAID THAT HE WILL RESPECT THE DECISION OF THE SUPREME COURT AND THE WEIGHT OF EVIDENCE TO BE IS THAT HE WILL. MEANWHILE HIS EFFORTS HAVE BEEN DIRECTED: 1) PRESERVING THE UNITY AND VIABILITY OF THE GN ITSELF AS THE ONLY LAW ENFORCEMENT AGENCY IN THE COUNTRY AND WHOSE DISINTEGRATION WOULD RESULT IN COMPLETE CHAOS IN THE COUNTRY; 2) MAINTAINING ORDER AND PREVENTING LAWLESS ELEMENTS EITHER BY THEMSELVES OR IN CONCERT WITH THE COMMUNISTS FROM TAKING ADVANTAGE OF PARTISAN POLITICAL ACTIVITIES AND PLUNGING THE COUNTRY INTO ANARCHY AND UNRESTRAINED VIO-

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LENCE; AND 3) KEEPING THE SITUATION FROM COMPLETELY DISINTEGRATING UNTIL THE SUPREME COURT IS GIVEN AN OPPORTUNITY TO PASS JUDGMENT.

3. WHILE IT STANDS ON THE SIDELINES AND FAULTS THE GN AND VALLARINO FOR THE ACTION THEY HAVE TAKEN THUS FAR, PARTICULARLY OVER THE PAST FIVE DAYS, NO ONE CAN SAY WHAT THE CONSEQUENCES WOULD HAVE BEEN HAD THEY NOT ACTED AS THEY DID. AT LEAST RELATIVE CALM PREVAILS THROUGHOUT THE COUNTRY, ONLY ONE DEATH ATTRIBUTABLE DIRECTLY TO GN ACTION HAS RESULTED AND CHANCES APPEAR REASONABLY GOOD THAT ORDER CAN BE MAINTAINED AT LEAST UNTIL THE SUPREME COURT RECONVENES ON MONDAY. WE RECOGNIZE MEANWHILE, THAT SUPREME COURT DECISION MAY NOT PROVIDE VALLARINO A CLEAR BASIS ON WHICH TO ACT, BUT INSTEAD MAY LEAD TO FURTHER ESCALATION OF THE POLITICAL CONFRONTATION. FOR EXAMPLE, IF SUPREME COURT RULES IN FAVOR OF ROBLES, NATIONAL ASSEMBLY MAY ATTEMPT TO IMPEACH THE SUPREME COURT AND MAY BRING CRIMINAL CHARGES AGAINST ROBLES AND HIS CABINET. PROSPECTS ARE THEREFORE THAT WE MAY BE FACED WITH A PROLONGED PERIOD OF TERMOIL DURING WHICH IT IS OUR CONSIDERED JUDGMENT THAT IT IS ESSENTIAL TO HAVE A LAW ENFORCEMENT AGENCY WITH WHEREWITHAL TO MAINTAIN ORDER.

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4. RE SCENARIO OUTLINED PARA 5B REFTEL, THAT IT WOULD EVOLVE AS INDICATED. REFTEL PARA 5B SUGGESTS THAT VALLARINO WOULD A) CONSIDER RELIANCE ON GUNPOWER UNTENABLE B) VALLARINO IN A SITUATION OF UNCONTROLLED RIOTING MIGHT WITHDRAW HIS SUPPORT FROM ROBLES AND ROBLES WOULD FALL. IN THE FIRST INSTANCE WE DO NOT BELIEVE VALLARINO WOULD CONSIDER GUNPOWER UNTENABLE IF HE FELT IT NECESSARY TO MAINTAIN ORDER. IN FACT HE HAS TOLD COL. SEDDON IN CONNECTION WITH OUR FIRST REQUEST FOR TEAR GAS THAT IF HE HAS TO USE GUNPOWER HE WILL BLAME THE DEATHS ON NOT ONLY POLITICIANS BUT ALSO THE U.S. FOR NOT GIVING HIM NON-LETHAL TEAR GAS WHEN IT WAS AVAILABLE. IN THE SECOND PLACE, WE DO NOT BELIEVE VALLARINO WOULD RETIRE GN TO BARRACKS AND LEAVE RIOTERS FREE HAND. FURTHERMORE, HE HAS TOLD ME AND THE PUBLIC THAT HE WILL OBEY THE SUPREME COURT'S DECISION. SO HE IS NOT LIKELY TO DROP ROBLES. THE DECISION IS IN HIS FAVOR.

5. REFEL 5B ALSO ARGUES THAT IF VALLARINO CONCLUDES THAT A GN-IMPOSED SOLUTION OF HIMSELF OR A JUNTA IS REQUIRED HE MIGHT BE TOPPLED FROM WITHIN THE GN. WASHINGTON MUST KNOW THAT THE STRONGEST MEMBERS OF GN BELOW VALLARINO, HEADED BY OMAR TORRIJOS, PREVIOUSLY URGED VALLARINO TO TAKE OVER HIMSELF OR IMPOSE A JUNTA. IN CASE OF UNCONTROLLABLE RIOTING HE WOULD MORE LIKELY BE TOPPLED IF HE DID NOT RPT NOT IMPOSE A SOLUTION. FURTHERMORE, USUALLY RELIABLE INFORMANTS HAVE TOLD CAS THAT ROBLES HAS SINCE EARLY MARCH 1968 HAD IN HIS POCKET A SIGNED LETTER FIRING VALLARINO AND REPLACING HIM WITH OMAR TORRIJOS. WE HAVE EVERY REASON TO BELIEVE TORRIJOS WOULD APPROVE CHANGE. IT IS NOT LIKELY VALLARINO WILL DROP ROBLES, ESPECIALLY SINCE THE STRONG "COMBO GROUP" IN THE GN LED BY TORRIJOS IS STRONGLY PRO-ARNULFO AND WOULD NOT BLOCK VALLARINO'S DISMISSAL IF HE INDICATED AN INTENTION TO DROP ROBLES, ESPECIALLY IF SUPREME COURT DECISION SUPPORTS ROBLES.

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4. REFTEL PARA 5C SUGGESTS SAMUDIO AND ROBLES WOULD HAVE DIFFICULTY JUSTIFYING AGITATION AGAINST U.S. IT SHOULD BE BORNE IN MIND THAT SAMUDIO-ROBLES FORCES HAVE GOON SQUADS PROBABLY AT LEAST EQUAL TO THOSE OF NU. FURTHERMORE SAMUDIO'S FORCES HAVE ALREADY MADE PUBLIC ISSUE OF US OWNERSHIP OF STATION TV2

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FOR WHICH THERE IS PRECIOUS LITTLE JUSTIFICATION. WE ARE CONFIDENT THEY CAN FIND MORE ISSUES IF THEY WISH. WHOEVER TURNS ON US AND CANAL ZONE WILL DOUBTLESS GET SOME SUPPORT FROM HOODLUMS AND COMMIES, ESPECIALLY IF GN NOT HELPING TO PROTECT CZ WHICH WOULD BE THE CASE HERE.

7. IT IS WORTH CONSIDERING VALLARINO'S POSITION. EVEN THOUGH HE SEEMS NOW TO BE FAVORING ROBLES AND THE SAMUDIO FACTION HE HAS KEPT A FIRM HAND WITHIN THE GN AND HAS BEEN THE STRONGEST FORCE FOR MODERATION. HE HAS REFUSED TO CARRY OUT ORDERS FROM ROBLES AND FRANCO, AS FOR EXAMPLE THE ORDER TO CLOSE THE NATIONAL ASSEMBLY PRIOR TO IMPEACHMENT TRIAL. HE IS CONSIDERED BY QUARRY HEIGHTS AND AS THE MOST RESPONSIBLE FOR THE COOPERATIVE RELATIONSHIPS WITH US MILITARY AND CZ POLICE. I BELIEVE HE THINKS HIS RECENT ACTIONS ARE NON-POLITICAL. HIS PRINCIPAL CONCERN IS TO MAINTAIN PUBLIC ORDER WHICH HE HAS DONE WELL OVER THE PAST 3 YEARS. I BELIEVE HE HAS BEEN LARGELY RESPONSIBLE FOR PREVENTING THE GREATER VIOLENCE WE MIGHT WELL HAVE HAD IN RECENT MONTHS. HE HAS TRIED AS HARD AS ANYONE TO

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PROMOTE A COMPROMISE SOLUTION TO THE POLITICAL CONFLICT. SO LONG AS HE REMAINS IN THE GN AND IS GIVEN PROPER SUPPORT BY US, RELATIONS WITH CZ SECURITY FORCES WILL PROBABLY CONTINUE TO BE CORDIAL AND COOPERATIVE.

8. I BELIEVE VALLARINO'S POSITION IN THE GN AND IN ROBLES' MIND WILL BE WEAKENED IF AN IMPRESSION BEGINS TO CIRCULATE THAT VALLARINO HAS LOST THE CONFIDENCE OF AND INFLUENCE WITH THE US. THIS COULD HELP TO PRECIPITATE HIS DISMISSAL OR HIS OVERTHROW WITHIN THE GN.

9. WHAT IS THE ALTERNATIVE? ANSWER: OMAR TORRIJOS, BROTHER OF "MUNCHI" TORRIJOS WHO IS LEFTIST AND ANTI-US, AND WHO IS RUNNING FOR DIPUTADO ON THE SAMUDIO TICKET. "MONCHI" SPOKE OUT STRONGLY AGAINST THE DRAFT TREATIES AND OMAR IS REPORTED TO HAVE SUPPORTED HIS POSITION AND REFERRED TO HIS BROTHER AS ONE OF THE FEW PATRIOTS WHO WERE PROTECTING THE COUNTRY'S INTERESTS. IF "MONCHI" EVER BECOMES OMAR'S POLITICAL COUNSELOR WHILE OMAR IS FIRST COMMANDANT OF THE GN, I WOULD NOT EXPECT A CORDIAL OR CO-

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OPERATIVE REGIME. INASMUCH AS THE TORRIJOS GROUP IS STRONGLY
ANTI-ARNULFO, A GN COMMANDED BY TORRIJOS SHOULD NOT BE EXPECTED
TO PROMOTE FREE ELECTIONS WHILE ARNULFO IS A CANDIDATE. ADAIR

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ACTION SS 30

INFO SSO 00, NSCE 00, CCO 00, /030 W

O R 311723 MAR 68
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC IMMEDIATE 3730
INFO GOVPANCANAL
USCINCSO

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EXDIS

10. IF VALLARINO FALLS BECAUSE OF LOSS OF INFLUENCE WITH THE US, THERE IS LIKELY TO BE NOT ONLY A STERNER, PRO-SAMUDIO POSITION IN THE GN BUT THERE WILL BE RESENTMENT OVER US LETTING GN DOWN. THE STRONGEST VALLARINO SUPPORTERS IN THE GN WOULD PROBABLY BLAME THE US FOR VALLARINO'S FALL AND JOIN OTHERS IN AN ANTI-US POSTURE IN THESE CIRCUMSTANCES. THE CHANCES OF THE CZ POLICE OBTAINING COOPERATION OF THE GN FOR REPELLING ATTEMPTED INCURSIONS INTO THE CZ WILL BE VIRTUALLY NIL.

11. IN SHORT, I THINK OUR GREATEST HOPE FOR MODERATION AND COOPERATION FROM THE GN NOW AND IN FUTURE AS WELL AS FOR FREE ELECTIONS IF HELD IN NEAR FUTURE LIES IN VALLARINO.

12. IF WE WERE TO TELL HIM NOW THE US WILL HENCEFORTH UNTIL FREE ELECTIONS ARE CARRIED OUT RELEASE NO FURTHER TEAR GAS FOR ANY PURPOSE, VALLARINO WOULD BE SHOCKED. HE IS ALMOST CERTAIN TO CONSIDER IT AN INDICATION OF US LOSS OF CONFIDENCE IN HIM (WHICH HE HAS ALREADY INDICATED). HE MAY EVEN INTERPRET IT AS US

SITATION TO ROBLES AND SAMUDIO-AND IF HE DOES, HE MAY TAKE IT UP WITH SAMUDIO AND ROBLES AND WE MAY BE BLASTED BY THAT SIDE IN THE PRESS. SAMUDIO HAS ALREADY TOLD A US NEWSMAN HE FELT THE US WAS FAVORING ARNULFO.

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13. CARL DAVIS HAS MADE AN INTERESTING POINT WHICH WASHINGTON ALSO SHOULD CONSIDER. IT IS HIS OPINION THAT IF THE US EMBASSY SHOULD BE ATTACKED WHILE THE GN IS WITHHOLDING GUNFIRE AND HAS NO TEAR GAS TO CONTROL THE MOB, US PUBLIC OPINION WILL SURELY CONDEMN US GOVT FOR NOT HAVING SUPPLIED TEAR GAS WHEN PLENTIFUL STOCKS WERE AVAILABLE IN THE CZ.

14. IF THE SITUATION REMAINS RELATIVELY CALM UNTIL THE SUPREME COURT DECISION, WE WILL PROBABLY NOT BE FACED WITH AN EARLY REQUEST FROM VALLARINO. AFTER THE SUPREME COURT DECISION, OUR POSITION IN SUPPLYING TEAR GAS SHOULD BE ON FIRMER GROUND.

15. IN VIEW OF FOREGOING, IT PROPOSES MY SPEAKING TO VALLARINO AS SUGGESTED IN PANAMA REFTEL. HOWEVER, I AM INVESTIGATING THE FEASIBILITY OF AN APPROACH TO VALLARINO THROUGH OTHER CHANNELS WITH THE SUGGESTION THAT TO BE SURE OF SUPPLIES HE MIGHT CONSIDER COMMERCIAL PURCHASE FROM CANADIAN FIRM IDENTIFIED IN STATE'S 139487. IF FEASIBLE, I PLAN TO DIRECT THAT THIS BE DONE WITHOUT ANY INDICATION TO VALLARINO THAT US HAS SHIFTED POSITION SINCE THE I EXPRESSED TO VALLARINO ON MARCH 27 (PANAMA'S 2826).

16. WE STILL BELIEVE US SHOULD RELEASE TEAR GAS

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IF PRC CONSIDERS IT VITAL TO GN'S MAINTENANCE OF PUBLIC ORDER. IF WASHINGTON DOES NOT REPEAT NOT AGREE, I SHOULD APPRECIATE CLEAR INDICATIONS TO THAT EFFECT.

17. DEPT MIGHT INFER FROM FOREGOING THAT PRC HAS PREFERENCE FOR ROBLES SAMUDIO CASE. THIS IS NOT INTENDED. OUR AIM IS TO POINT OUT CONSIDERATIONS NOT COVERED IN REFTEL. WE KNOW THE U.S. CANNOT DIRECT THE SOLUTION TO THE LOCAL POLITICAL PROBLEMS BUT WE ARE IN A POSITION TO DO SOMETHING ABOUT PUBLIC ORDER AND WISH TO DO IT WITH MINIMUM RISK OF INVOLVEMENT.

GP-4. ADAIR

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02

#2
ORIGIN SS 30

INFO SSO 00, NSCE 00, /030 R

DRAFTED BY: ARA: PANI DKGUTHRIE
APPROVED BY: ARA: RMSAYRE
ARA: PANI CLARK
DOD: LANG: SIENA
WH: BOWDLER
S/S: MEEHAN

.....
O P 111835Z MAR 68 ZFF
FM SECSTATE WASHDC
TO AMEMBASSY PANAMA IMMEDIATE 0798
USCINCSO
INFO GOVERNOR CANAL ZONE

~~SECRET~~ STATE 127883

EXDIS

JOINT STATE/DEFENSE MESSAGE

1. WE HAVE NOTED INTELLIGENCE REPORTS VALLARINO MAY
APPROACH AMBASSADOR OR CANAL ZONE MILITARY OFFICIALS TO SEEK
U.S. VIEWS ON POSSIBLE GUARD TAKEOVER OF GOVERNMENT IF POLITICAL
CRISIS WORSENS.

2. POLITICAL SENSITIVITY MAKES ESSENTIAL THAT ANY DIALOGUE
WITH VALLARINO BE CONDUCTED BY AMBASSADOR ONLY. IF MILITARY

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OFFICIALS APPROACHED BY VALLARINO, THEY SHOULD OFFER NO COMMENT
REGARDING POSSIBLE COUP. CINCSO SHOULD REFER ALL SUCH INQUIRIES
TO AMBASSADOR.

3. IN RESPONDING TO ANY INQUIRY FROM VALLARINO, AMBASSADOR
SHOULD MAKE FOLLOWING POINTS:

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Authority E.O. 11652 SEC. 5(A) and (D)

By UITE, NARS, Date 12/12/79

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(A) PRESIDENTIAL ELECTION IS INTERNAL FOR PANAMA TO RESOLVE. U.S. IS PREPARED WORK WITH ANY CANDIDATE CHOSEN IN FREE ELECTIONS.

(B) IF PRESENT POLITICAL DISPUTE LEADS TO ESTABLISHMENT OF UNCONSTITUTIONAL REGIME, COULD HAVE DETRIMENTAL EFFECT ON PANAMANIAN IMAGE IN U.S. AND OTHER FOREIGN COUNTRIES, AND THIS COULD AFFECT FLOW OF INVESTMENT FUNDS TO PANAMA AS WELL AS CLIMATE FOR TREATY NEGOTIATIONS. IN ADDITION U.S. WOULD BE FACED WITH DIFFICULT QUESTION OF DIPLOMATIC RECOGNITION, AND WE CAN OFFER NO ASSURANCES WHAT POSITION WE WOULD TAKE.

(C) IN VIEW OF ABOVE, IT IS CLEAR THAT PROSPECTS FOR

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CONTINUANCE OF GOOD U.S.-PANAMANIAN RELATIONS WOULD BE ENHANCED IF IT WERE POSSIBLE TO WORK OUT A SETTLEMENT THAT WOULD MAINTAIN CONSTITUTIONALITY AND PERMIT FREE ELECTIONS TO BE HELD ON SCHEDULE. OTHERWISE THE ABILITY OF THE UNITED STATES TO COOPERATE IN DEVELOPMENT OF PANAMA AND IN RESOLUTION OF PROBLEMS OF LOCAL CONCERN WOULD BE HAMPERED.

(D) WE APPRECIATE DIFFICULT POSITION OF GENERAL VALLARINO AND GUARD. WE ALSO UNDER IMPRESSION THAT MODERATE AND RESPONSIBLE ATTITUDE ADOPTED BY VALLARINO IN DEALING WITH DISPUTE TO DATE HAS BEEN KEY FACTOR IN AVOIDANCE OF CONFLICT.

(E) INFLUENCE WHICH VALLARINO ENJOYS IN BOTH GOVERNMENT AND ARMY CAMPS, WE WOULD HOPE HE COULD CONTINUE TO TAKE INITIATIVE IN URGING BOTH SIDES TOWARD COMPROMISE. FACT THAT TEMPORARY SETTLEMENT WORKED OUT ON MARCH 4 WITH VALLARINO'S ASSISTANCE SHOWS THAT MUTUALLY SATISFACTORY ARRANGEMENT NOT BEYOND REALM OF POSSIBILITY. VALLARINO SHOULD BE UNDER NO ILLUSIONS THAT U.S. BACKING EITHER SIDE OR THAT WE WOULD SUPPORT ATTEMPT BY GOVERNMENT, OPPOSITION, OR GUARD TO IMPOSE

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SETTLEMENT BY FORCE AND IN VIOLATION OF CONSTITUTION.
GP-4, RUSK

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